

FOR YOUR INFORMATION


City of Cincinnati



Interdepartmental Correspondence Sheet

Date: November 30, 2012

To: Mayor and Members of City Council

From:  Milton Dohoney, Jr. City Manager

Subject: **2012 Third Quarter Small Business Enterprise (SBE) Report**

Attached is the 2012 Third quarter SBE Report. The quarterly SBE Report is part of the implementation of the OPEN Cincinnati Task Force's recommendation. The quarterly SBE Reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to follow. The City's SBE annual categorical goals are 30% construction, 15% supplies/services and 15% professional services of the total dollars spent. Presently there are 449 certified Small Business Enterprises (SBEs) in a pool of about 10,391 registered vendors, which compete for City business. The SBEs represent only 4.32% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City accomplished spending 22.7% or \$11,548,328 with certified SBEs overall in this Third quarter. The categorical breakout for spending equals 28.4% construction, 14.9% professional services and 9.0% supplies/services. The City's 2012 Third quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 22.6% or \$7,920,022 overall. The categorical breakout for the Cincinnati jurisdiction equals 26.6% construction, 12.8% professional services and 14.3% supplies/services.

The targeted group for the City's SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The City's SBE program is race and gender neutral. However, the City tracks and reports its expenditures with City-certified SBEs that have voluntarily provided information on race and gender through the SBE application process and/or EEO Process, Form 147. The voluntary information vendors provide on race and gender is not verified. Changes in ownership impacts the race/gender tracking and reporting as the information is voluntarily provided.

In Third quarter 2012, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$2,867,058 or 24.8%. The City's SBE spend with women SBEs in Third quarter 2012 was \$2,161,889 or 18.7%¹. The Third quarter 2012 City's SBE spend with African-American SBEs (the largest minority demographic group in Cincinnati) was \$1,648,021 or 14.3%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. These demographic comparisons are based upon total SBE spend.

Intensive implementation of OPEN Cincinnati occurred in Third quarter 2012. Under the guidance of the Office of Contract Compliance (OCC), SRL Consulting, Inc. has implemented consulting services directly related to the recommendations of OPEN Cincinnati as stipulated in the City agreement. SRL Consulting has been intimately involved in the coordination of outreach events, providing input in bidding processes, working directly with department directors in creating SBE action plans, and referring SBEs for certification.

¹ To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.

2012 Third Quarter Certification

Certification is for two years at which businesses must renew their certification. If businesses do not renew, the certification expires. OCC received 43 SBE applications in Third quarter 2012 and certified 51 vendors in the third quarter, some were first-time applicants and some were renewals. To date, OCC has 449 certified SBEs (including 22 Banks SBEs) in the data base. The Banks-certified SBEs are separate and apart from City-certified SBEs (unless they are located in Hamilton County). Of the City-certified SBEs that voluntarily provided information on race and gender, the statistics are as follows: 90 are Women Business Enterprises (WBEs) and 177 are Minority Business Enterprises (MBEs). To avoid double counting, minority-women-owned businesses are counted with minority businesses and WBEs consist only of white-female-owned businesses. There are 159 white- male-owned certified small businesses and 1 company did not provide information on race/gender. OCC tracks and reports information on race and gender when voluntarily provided by the applicant through the City-certification process and/or EEO process, Form 147. Again, the City's SBE Program is race and gender neutral; therefore, information provided on race and/or gender is not confirmed. While, OCC also certifies small businesses specifically for The Banks Project, the Banks SBE Program is separate and apart from the City's SBE Program. The Banks Report is provided by an outside inclusion consultant; however, race and gender information of business owners is not collected.

The Office of Contract Compliance has created a streamlined certification process that will significantly decrease paperwork for some applicants. Since the State of Ohio's EDGE Program certification process and the Small Business Administration 8(a) Program certification process are predominately similar to the City's SBE certification process, these two certifying agencies certificates have been approved for the City's streamlined certifications. Applicants holding certificates from the State EDGE Program or the SBA's 8(a) Program may be allowed to go through a streamlined process for City certification as a SBE. The streamlined process only includes a one page application, an affidavit, submittal of the approved agency's certificate and a site visit.

OCC 2012 Third Quarter Outreach Highlights

In July, OCC was a participant at The Banks Project update outreach session. The purpose of the session was to update the community on the progress of The Banks Project, to encourage businesses to apply for ODOT DBE certification and to inform contractors of opportunities on the upcoming Pedestrian Bridge bid package. OCC had to address questions from the audience regarding SBE certification and the processes for becoming certified with the City or the Banks SBE Program. The session was held at the Community Action Agency facility and there were about 30 participants. This outreach event was held in conjunction with Hamilton County, Ellington Management Services and the Ohio Department of Transportation

In August, OCC presented at two external outreach events. OCC presented at the Biz2Biz Construction Match Maker event held at the Duke Energy Center. SRL Consulting, Inc. and the Department of Transportation and Engineering coordinated the outreach for the purpose of notifying large and small road repair contractors of the upcoming \$80 million slated for street construction. OCC gave an overview of the SBE Program. Also in August, OCC presented at the U.S. Small Business Administration seminar on bonding and other local resources. Again, information was shared about the City's SBE Program with an encouragement to small businesses not certified to become certified with the City.

In addition, the month of August included two internal SBE training sessions where OCC presented. These training sessions were designed by SRL Consulting, Inc. in coordination with OCC and Purchasing to train department's SBE and Purchasing liaisons on the new legislations relating to the SBE Program and the Purchasing process.

In September, OCC was invited by the African American Chamber to be a presenter at its certification workshop. This was a recruitment effort for OCC in getting members of the African American Chamber to

seek SBE certification with the City of Cincinnati. The OCC presenter spoke about the new streamlined process and the other SBE applications.

Last but not least, OCC's television show, *Government and Small Business*, which airs six days a week on CitiCable provided useful information during the Third quarter. This television programming accomplishes multiple objectives. It is a means to showcase certified SBEs, giving them exposure to City departments and the local community while also channeling vital information to, for and about small businesses. In July, Larry Gripp of the Goering Center shared resourceful information on the nurturing and educational services available to family and private businesses through this membership organization. In August, Steve Love of SRL Consulting, Inc. spoke about the changes occurring with the SBE Program and the momentum of the City leaders to promote and support the SBE Program and OPEN Cincinnati. Finally in September, the show highlighted three professional service firms allowing them exposure and free marketing.

2012 Third Quarter SBE Spend Report

The 2012 Third quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend. The SBE spend report provides information broken down by geographical boundaries and categories representing the spending activity by the City with certified SBEs. The City's SBE annual categorical goals are 30% construction, 15% professional services and 15% supplies/services. The data is generated from the Cincinnati Financial System (CFS) using object codes and the online tracking system of SubContrak. The SubContrak system is an automated technically coded tracking system that captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect spend happens when payment is made to a certified SBE through a subcontracting scenario. For example, a certified SBE is a subcontractor to a Prime contractor or a subcontractor to a large firm. The Third quarter SBE vendor spend for construction is 28.4%, it is 14.9% for professional services and 9.0% for supplies/services. The quarterly SBE Reports allow the City Administration to make an assessment of where they are in meeting the annual categorical goals and strategize or plan for the months to follow.

2012 Third Quarter SBE Spend Report by Race and Gender

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application and/or on the EEO Form 147. Race and gender information provided by businesses is not confirmed because the City has a race and gender neutral program.

Conclusion

The quarterly reports are a snapshot of how the City is doing in reaching the annual categorical goals. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the annual categorical goals of 30% construction, 15% professional services and 15% supplies/services. The information gathered each quarter is used to strategize for the coming months in meeting and/or exceeding the annual categorical goals.

C: David Holmes, Assistant City Manager
Rochelle Thompson, Contract Compliance Officer 

City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures*
Between 7/1/2012 and 9/30/2012

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$9,607,642	\$24,189,191	\$33,796,833	28.4%
Prof Services	\$1,044,090	\$5,941,440	\$6,985,530	14.9%
Supplies/Services	\$896,596	\$9,085,332	\$9,981,927	9.0%
GRAND TOTAL	\$11,548,328	\$39,215,962	\$50,764,291	22.7%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$6,465,116	\$17,818,806	\$24,283,922	26.6%
Prof Services	\$673,177	\$4,602,213	\$5,275,391	12.8%
Supplies/Services	\$781,729	\$4,700,498	\$5,482,227	14.3%
GRAND TOTAL	\$7,920,022	\$27,121,518	\$35,041,540	22.6%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$9,607,642	\$34,009,051	\$43,616,693	22.0%
Prof Services	\$1,044,090	\$8,000,038	\$9,044,128	11.5%
Supplies/Services	\$896,596	\$17,052,129	\$17,948,725	5.0%
GRAND TOTAL	\$11,548,328	\$59,061,218	\$70,609,546	16.4%

Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

*** MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures*
Between 7/1/2012 and 9/30/2012

SBE Minority/Female Spend in Hamilton County																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$1,314,385	13.7%	\$1,213,154	12.6%	\$0	0.0%	\$0	0.0%	\$2,527,539	26.3%	\$1,472,266	15.3%	\$5,607,837	58.4%	\$0	0.0%	\$9,607,642
Prof Services	\$211,998	20.3%	\$5,884	0.6%	\$0	0.0%	\$0	0.0%	\$217,882	20.9%	\$323,423	31.0%	\$502,077	48.1%	\$708	0.1%	\$1,044,090
Supplies/Services	\$121,638	13.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$121,638	13.6%	\$366,199	40.8%	\$392,168	43.7%	\$16,591	1.9%	\$896,596
GRAND TOTAL	\$1,648,021	14.3%	\$1,219,038	10.6%	\$0	0.0%	\$0	0.0%	\$2,867,058	24.8%	\$2,161,889	18.7%	\$6,502,082	56.3%	\$17,299	0.1%	\$11,548,328

SBE Minority/Female Spend in Cincinnati																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$723,597	11.2%	\$667,529	10.3%	\$0	0.0%	\$0	0.0%	\$1,391,126	21.5%	\$621,249	9.6%	\$4,452,741	68.9%	\$0	0.0%	\$6,465,116
Prof Services	\$207,273	30.8%	\$1,600	0.2%	\$0	0.0%	\$0	0.0%	\$208,873	31.0%	\$260,846	38.7%	\$202,751	30.1%	\$708	0.1%	\$673,177
Supplies/Services	\$116,816	14.9%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$116,816	14.9%	\$338,777	43.3%	\$309,544	39.6%	\$16,591	2.1%	\$781,729
GRAND TOTAL	\$1,047,687	13.2%	\$669,129	8.4%	\$0	0.0%	\$0	0.0%	\$1,716,816	21.7%	\$1,220,872	15.4%	\$4,965,036	62.7%	\$17,299	0.2%	\$7,920,022

SBE Minority/Female Spend regardless of Location																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$1,314,385	13.7%	\$1,213,154	12.6%	\$0	0.0%	\$0	0.0%	\$2,527,539	26.3%	\$1,472,266	15.3%	\$5,607,837	58.4%	\$0	0.0%	\$9,607,642
Prof Services	\$211,998	20.3%	\$5,884	0.6%	\$0	0.0%	\$0	0.0%	\$217,882	20.9%	\$323,423	31.0%	\$502,077	48.1%	\$708	0.1%	\$1,044,090
Supplies/Services	\$121,638	13.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$121,638	13.6%	\$366,199	40.8%	\$392,168	43.7%	\$16,591	1.9%	\$896,596
GRAND TOTAL	\$1,648,021	14.3%	\$1,219,038	10.6%	\$0	0.0%	\$0	0.0%	\$2,867,058	24.8%	\$2,161,889	18.7%	\$6,502,082	56.3%	\$17,299	0.1%	\$11,548,328

This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

Companies race/gender status is subject to changes based upon a change in ownership or change in reported information by company.

* MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance